

OFFICE OF  
INSURANCE COMMISSIONER

T 98-5

**Technical Assistance Advisory**

September 1, 1998

Attention: All Insurers

Subject: ***Cancellation of Policies by Insureds (other than life insurance and annuity contracts)***

RCW 48.18.300(1) refers to policies that by their terms may be canceled at the insured's option, or binders based on such a policy. The statute provides that cancellation by the insured "may be effected by" certain means. The Insurance Commissioner recognizes that this law can be understood in different ways. The purpose of this Technical Assistance Advisory is to note that this law establishes certain minimum safeguards, and does not limit the means by which an insured may cancel a policy.

Thus, because the statute says the insured may cancel "by written notice thereof to the insurer or surrender of the policy or binder for cancellation prior to or on the effective date of such cancellation," an insurer must honor a cancellation made by those means. The insurer may not require, for instance, a waiting period.

The statute does not, however, prohibit an insured from canceling by other means. If an insured wishes to cancel by a telephone call, for example, it is permissible for the insurance company to accommodate that request. Similarly, if an insured wishes to make the cancellation effective as of some date earlier than the request, it is permissible for the insurance company to accommodate that request.

We expect that companies will take care to assure that the person requesting the cancellation is authorized to do so. We expect that companies will also take care to assure there are no misunderstandings, such as a company's purporting to cancel a policy when the consumer meant to request a change in his coverage or ask for information or something else. An insurance company that denies a claim or otherwise acts in reliance on the cancellation of a policy must, of course, be able to prove that the policy was in fact canceled by the insured. We understand the practice of some companies is to ask an insured to confirm the cancellation in writing (some companies send the insured a form for that purpose); other companies at least send the insured a notice that cancellation has been effected by phone. The sending of such a notice would presumably assist the company in demonstrating that the cancellation was properly effected, though we cannot say whether it would suffice in any particular case.

Any questions on this should be addressed to: Carol Sureau (360) 725-7050 or  
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